

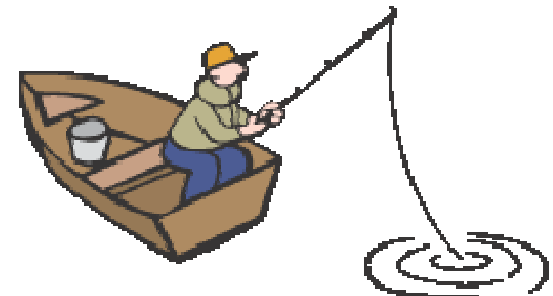
Wisconsin's State Budget: What Does it Mean to Me?



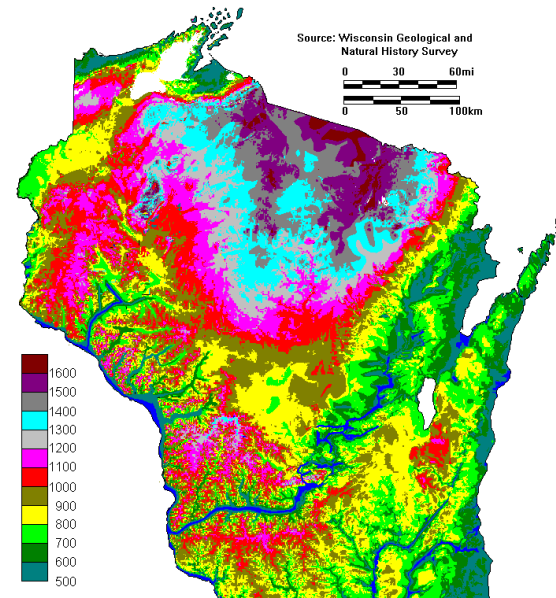
Prepared by Senator Kathleen Vinehout

The State Budget Affects Our Lives...

The Budget is a Decision About Our Future...

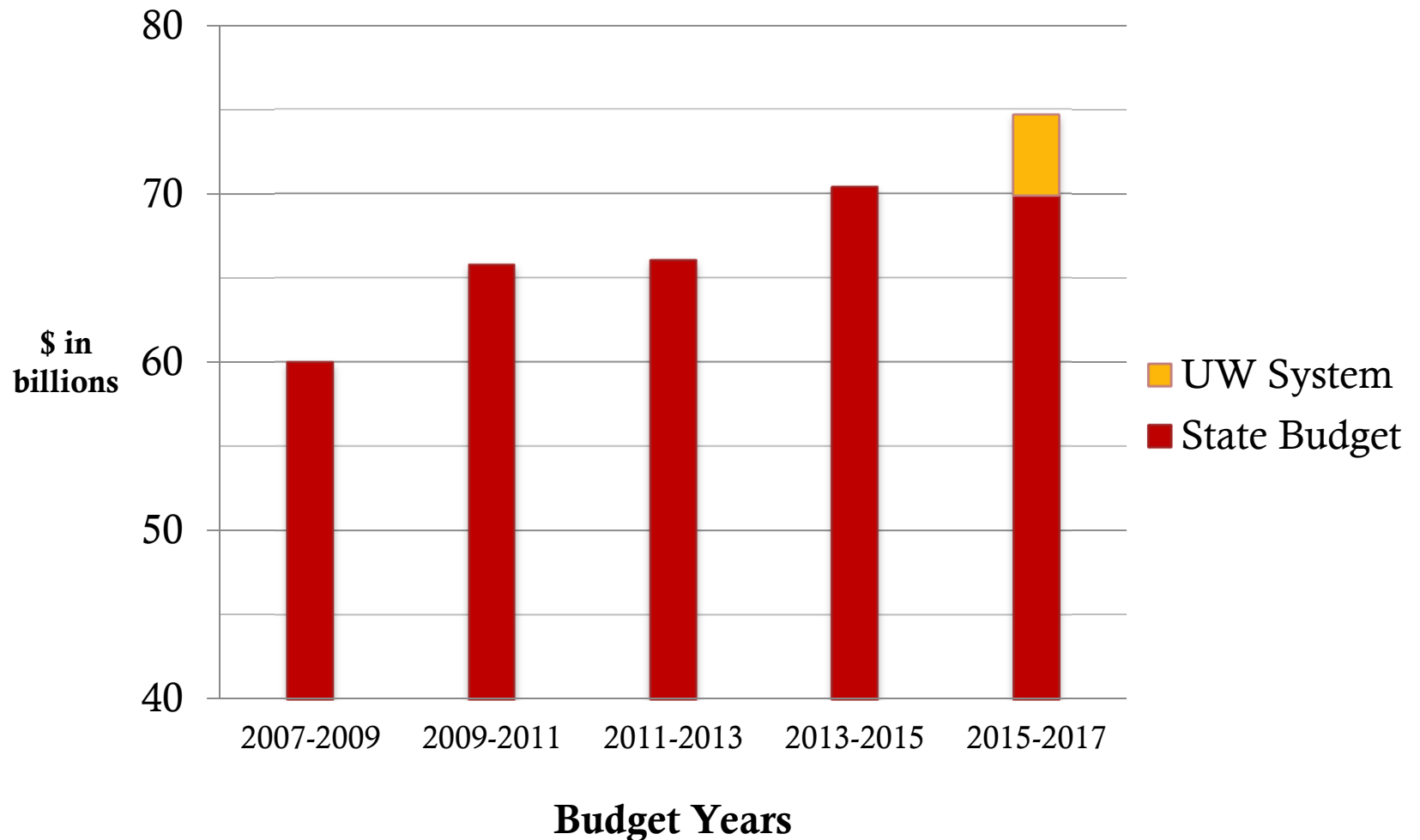


A Few Highlights...



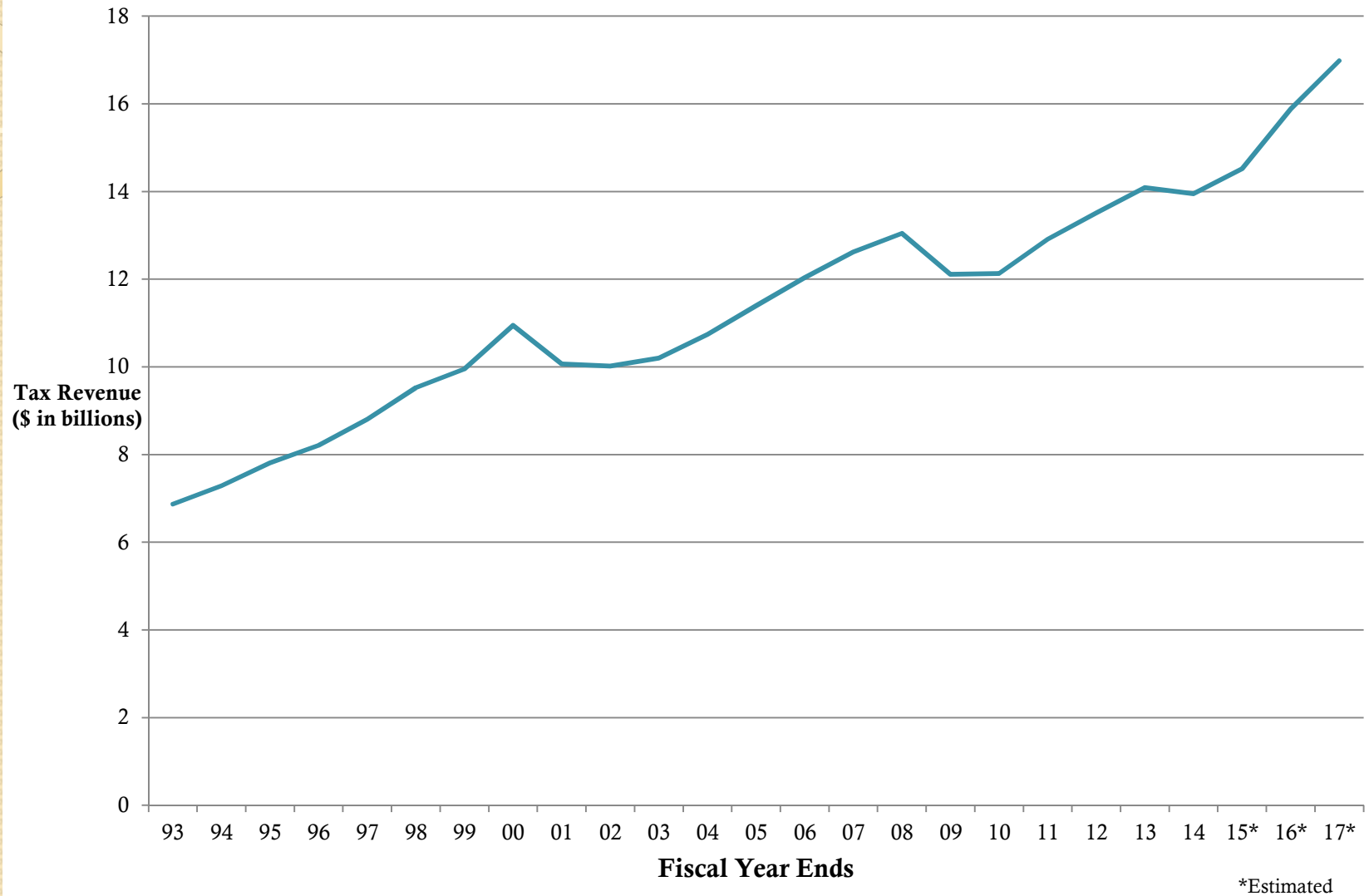
On the Major Changes
in the Fiscal Year 2015-17 Wisconsin Budget

The State Spending Plan is Up. Spending Increases by \$14B Over Last 4 Budgets



Sources: Comparative Summary of Governor and JFC Budget Recommendations, table 1, Legislative Fiscal Bureau, June 2013; Comparative Summary of Budget Recommendations — 2011 Act 32 (and 2011 Acts 10, 13, and 27) table 1, Legislative Fiscal Bureau, 2011; Comparative Summary of Budget Recommendations (2009 Act 28) table 1, Legislative Fiscal Bureau, 2009; Summary of Budget Provisions 2007 WI Act 20 table 1, Legislative Fiscal Bureau, 2007; Summary of Governor's Budget Recommendations, February 2015.

State Tax Revenue is Growing



Source: Comparative Summary Comparative Summary of Provisions, Table 8 (2013 Act 20) Legislative Fiscal Bureau letter to JFC Co-Chairs, January 2014; Legislative Fiscal Bureau General Fund Revenue and Expenditure Projections January 2015. Wisconsin Taxpayers Alliance. Focus Newsletter, 2015 No. 4; Legislative Fiscal Bureau letter to JFC Co-Chairs, January 2014; Legislative Fiscal Bureau General Fund Revenue and Expenditure Projections January 2015.

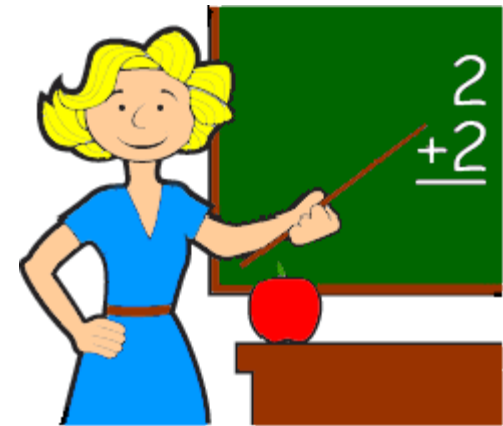
Major Changes to the University of Wisconsin



- UW becomes independent authority.
- \$300M in cuts affect all campuses.
- Statutorily required shared governance, tenure, whistle blower, other legal protections are removed.
- Bioenergy Initiative, Environmental Education Board & many other programs are eliminated.
- State still oversees all state financed building projects.

Tough Times for K-12 Education

- No increase in state aid next school year.
- Percent of state budget going to schools sinks to 20 year low.
- Child poverty more than doubled in 10 years.
- WI lost more than 3,000 educators between 2009 & 2012.



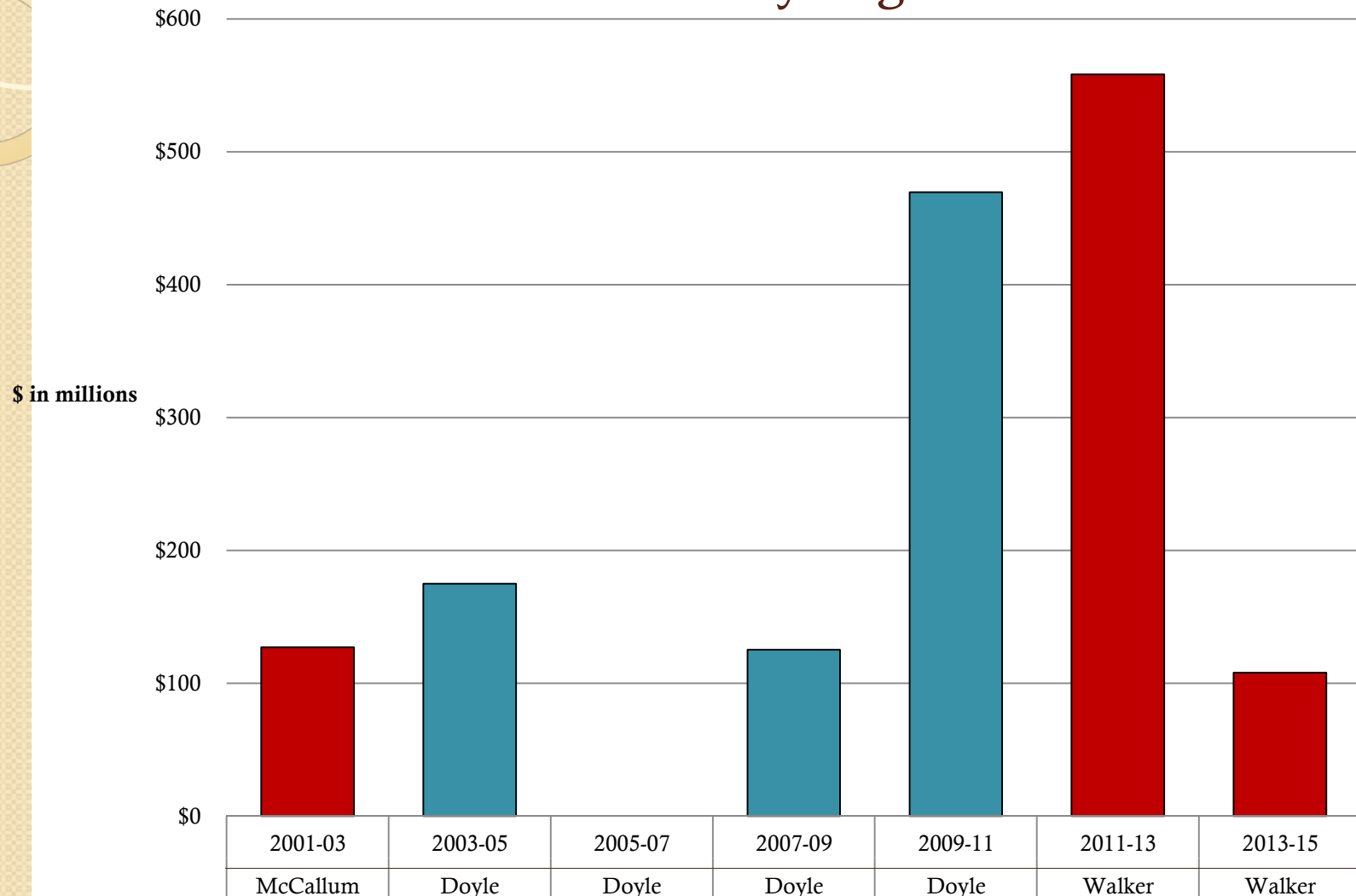
We Depend on Safe Roads and Bridges



- Spending outpacing transportation revenue from gas tax & registration fees.
- Governor borrows \$1.3 billion to fund roads & bridges.
- Debt costs grow to almost 25% of transportation budget by 2017.

Not Paying Debt Bills is Kicking the Can Down the Road

Debt Restructured by Legislative Session



Source: Legislative Fiscal Bureau Memo, May 2012;
Legislative Fiscal Bureau Memo, February 2015.

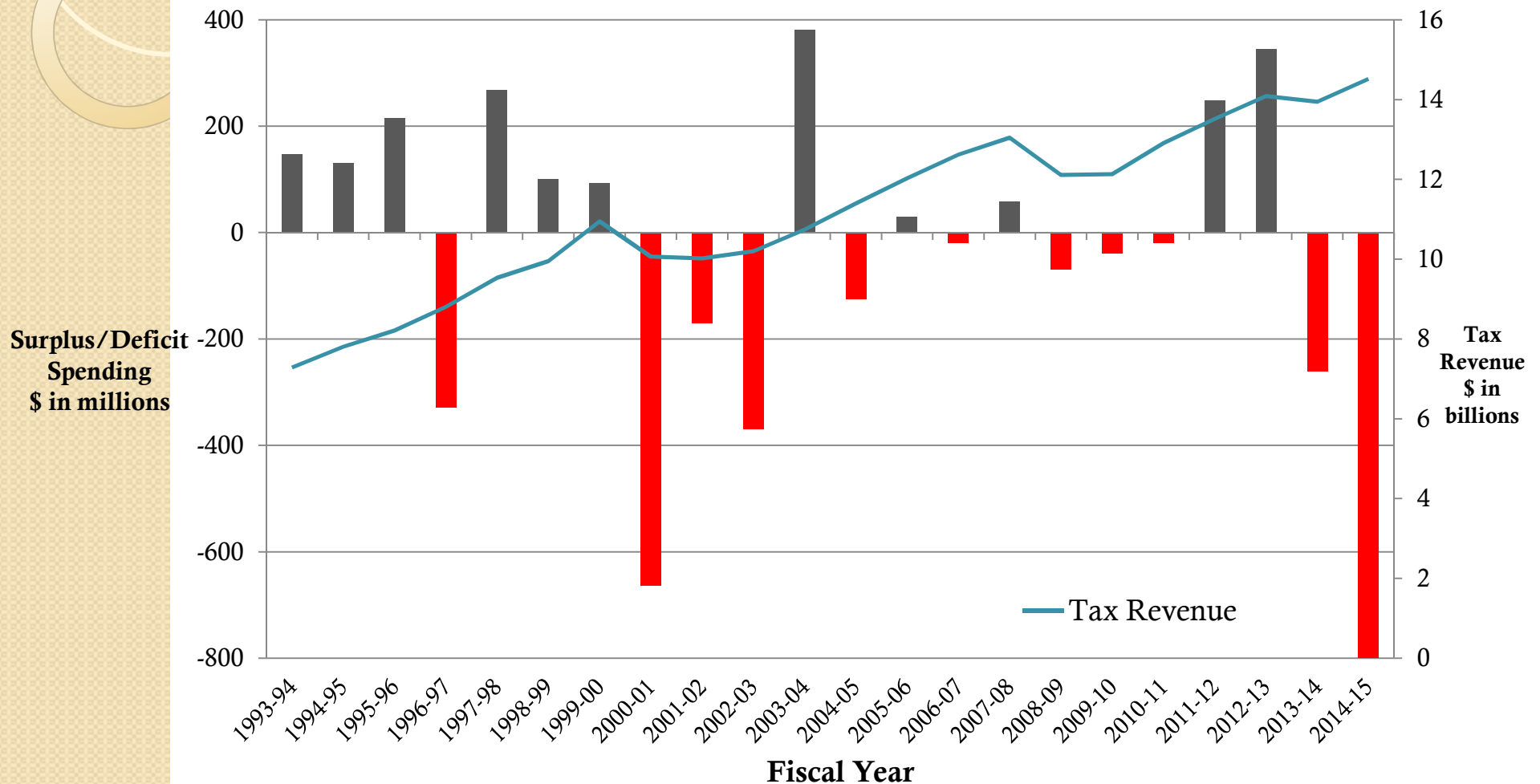
This Budget...

- Cuts UW
- Cuts K-12 Public Schools
- Uses Debt to Fund Transportation
- Not paying Debt
- Spending \$4 Billion MORE



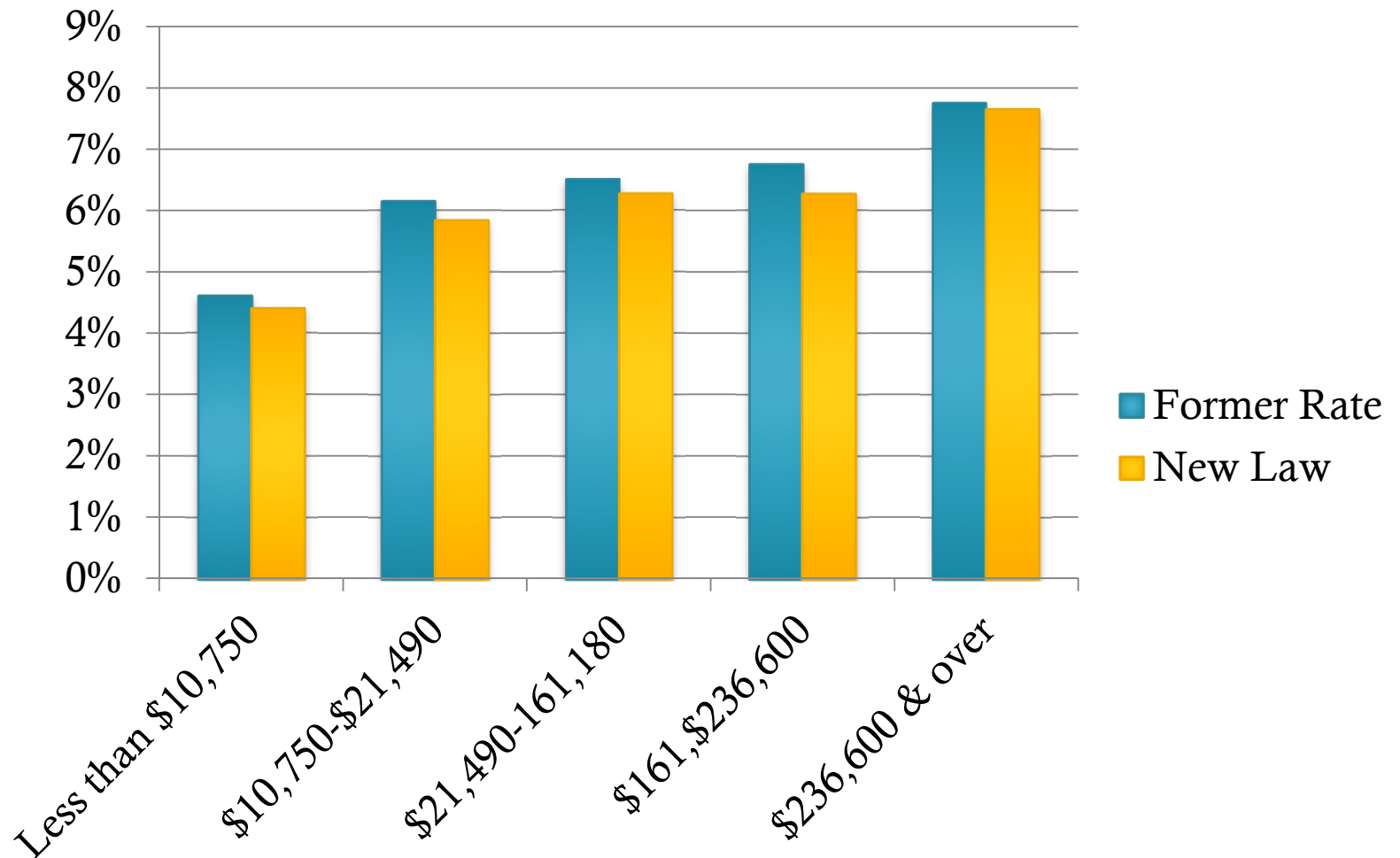
What's going on?

Budget for 2015-17 Begins with \$800 Million in the Hole



Sources: Comparative Summary of Provisions, Table 8 (2013 Act 20) Legislative Fiscal Bureau letter to JFC Co-Chairs, January 2014; Legislative Fiscal Bureau General Fund Revenue and Expenditure Projections January 2015. Wisconsin Taxpayers Alliance. Focus Newsletter, 2015 No. 4

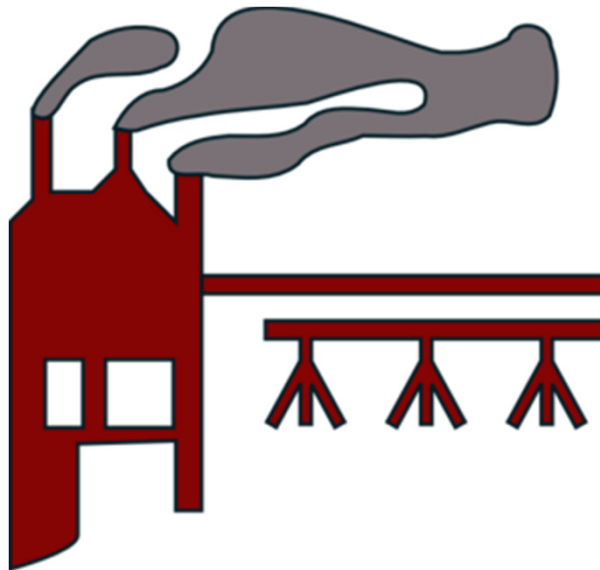
Tax Changes from Last Budget Cost Us an Estimated \$648 Million (Single Head of Household Filing in Tax Year 2013)



Sources: Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March 2013; State of Wisconsin Biennial Budget, 2013-15.

Tax Refunds if You Owe Nothing?

- Manufacturing companies pay nearly \$0 by 2016. (b/c of this, collections were \$33M less in 2014)
- New refundable Business Development credit = \$9.75M.
- Existing Refundable Enterprise Zone credits = est. \$91.8M this budget.
- Expanded Enterprise Zone Tax Credits costs \$168M 2017-2027.



OTHER BIG TICKET ITEMS BUDGET BUYS...

- \$662 M new GPR spending in Health
- 101 new positions at Revenue (\$34M)
- \$55 M in new Economic Development loan money in new agency called *Forward WI Development Authority* formerly known as *Wisconsin Economic Development Corporation* (WEDC).
- Nearly a 50% increase in Administration (\$401 M new GPR spending). Governor transfers at least 79 positions related to purchasing, finance, budgeting & IT (computers) into Depart. of Administration.
- \$220M Bucks Stadium costs between \$320 & \$490 M in interest to state taxpayers over 20-30 years.

Wisconsin Citizens Losing Their Voice

- **Natural Resources Board** becomes advisory only.
- **Ag & Consumer Protection Board** becomes advisory only.
- **Wisconsin Public Television and Public Radio** lose state funding and all its Wisconsin legal existence.
- **Judicial Commission**, that oversees, investigates and prosecutes misconduct of judges (including 5 non-lawyer citizens) moves to the Supreme Court. The Chief Justice raises serious concerns about the independence of the Commission.
- **Judicial Council** is eliminated. This commission helps save courts money by getting folks to work better together. Includes citizen members.



Budgets are About Choices



Let's take a look at some of the choices the Governor is making...

Education Choices are About Our Future



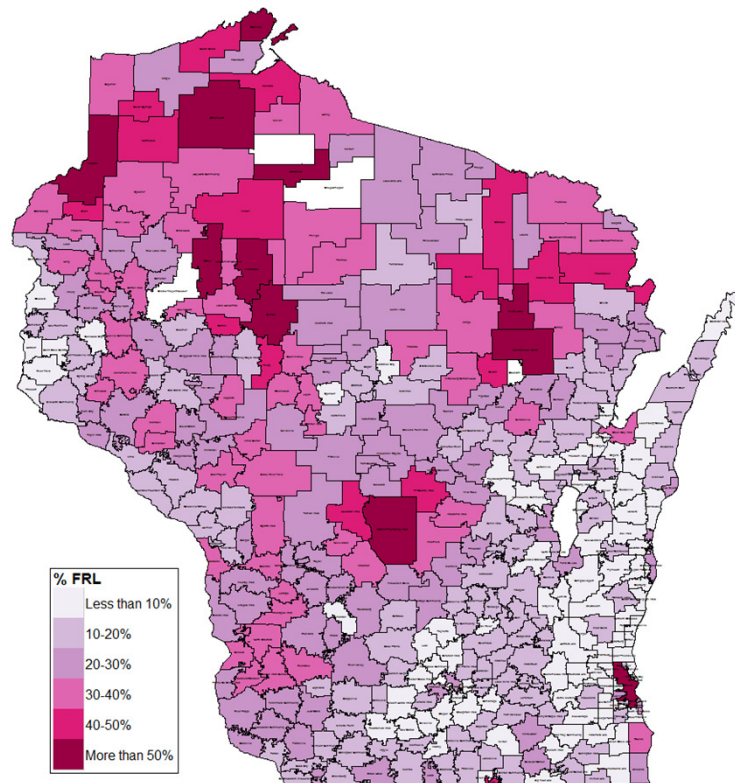
Child Poverty Doubled in 10 years

Child Poverty Doubles (FRL)

2001: 21%

2012: 43%

Proportion of Students FRL 2001



In Arcadia over 60% primary & middle school students are eligible for free & reduced lunch.

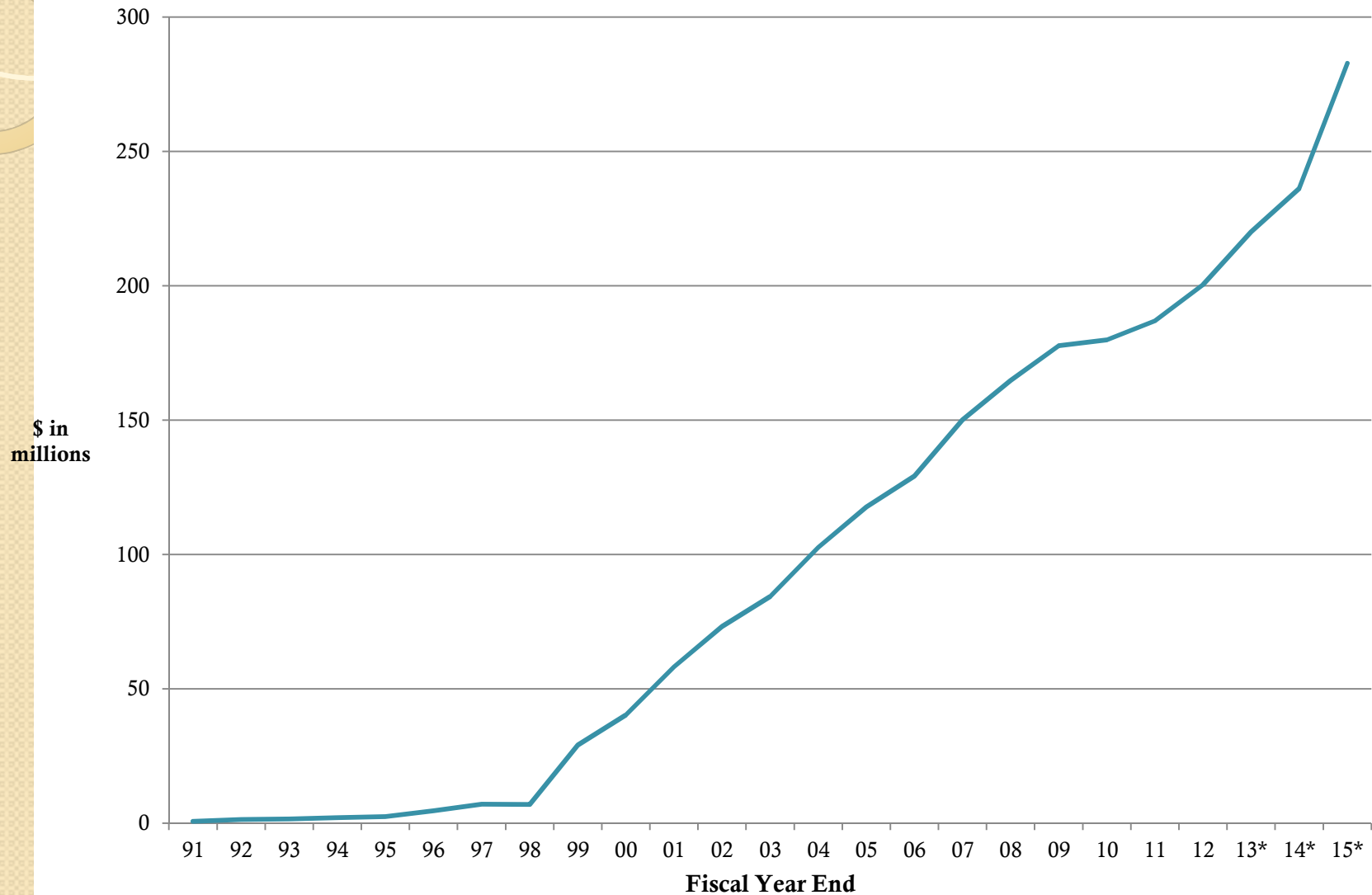
In many rural districts over half of students are eligible for free & reduced lunch (FRL).



Changes in Education Budget

- Cuts to public school funding next year.
- No increase in revenue limit to schools.
- Rural schools-some new sparsity & transportation money but not nearly enough to offset cuts.
- Remove cap on private voucher program. New students must be from public school or not enrolled in school or now enrolled in private 'voucher' school or is enrolling in grade: K, 1st or 9th grade.
- Money for statewide private school subsidy comes from student's public school.
- K-8 private school payments \$7,210; High school payments \$7,856.
- New Independent Charter Board; est. +500 new students at \$8,075 per student.

Big Increase in Private School & Independent Charter School Spending

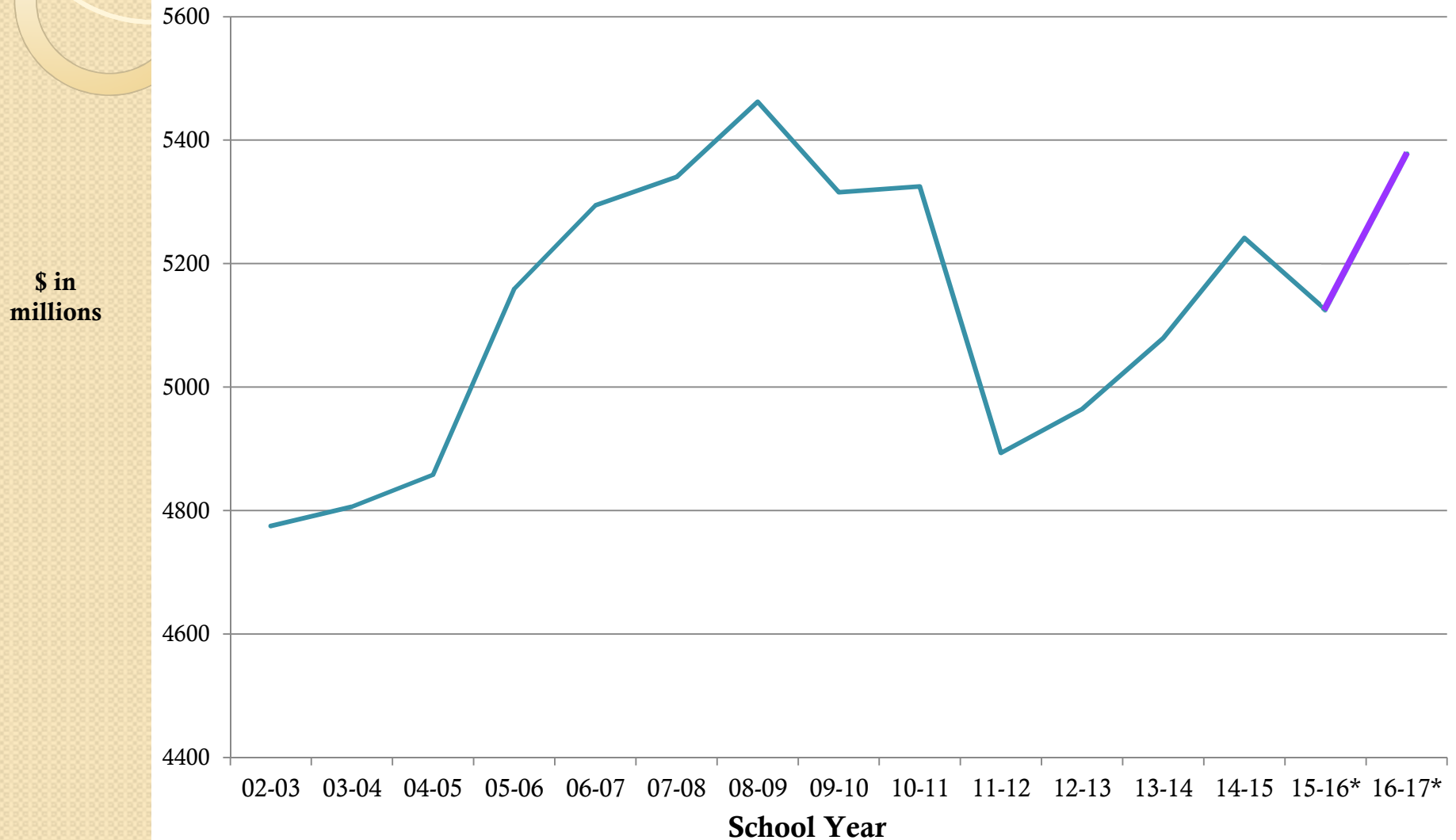


Source: Legislative Fiscal Bureau Memo April 2015.

*Estimated

Public School Spending

Without Private School Vouchers and Independent Charter Schools



Source: Legislative Fiscal Bureau Memo April 2017

*Statewide voucher \$\$ comes out of public school aid

What Kind of UW do We Want?



- Green Bay, Oshkosh, Superior & Eau Claire all offering early retirement options to reduce staff & faculty.
- University search committees are having a hard time filling positions.
- Budget even cuts all funding for Minnesota Wisconsin Tuition Reciprocity & becomes 'optional' to UW system.



Choices About Health Care are Community Choices



Big Changes to Senior, Disabled & Adult BadgerCare Programs



- SeniorCare enrollees to sign up for MC Part D.
- Family Care run likely by insurance co.
- “Include, Respect, I self-direct” (IRIS) folded in to FC??
- Adult* BadgerCare limited to 2 years w/ drug testing & new premiums.

Changes to Family Care & IRIS Affect Lives of Elders & Disabled

Aging &
Disability
Resource Centers
(ADRCs)

Managed Care
Organizations
(Western WI
Cares or
Continuous)

Providers deliver
services (home
care, personal
care workers,
medical
transportation)

 UnitedHealthcare

???



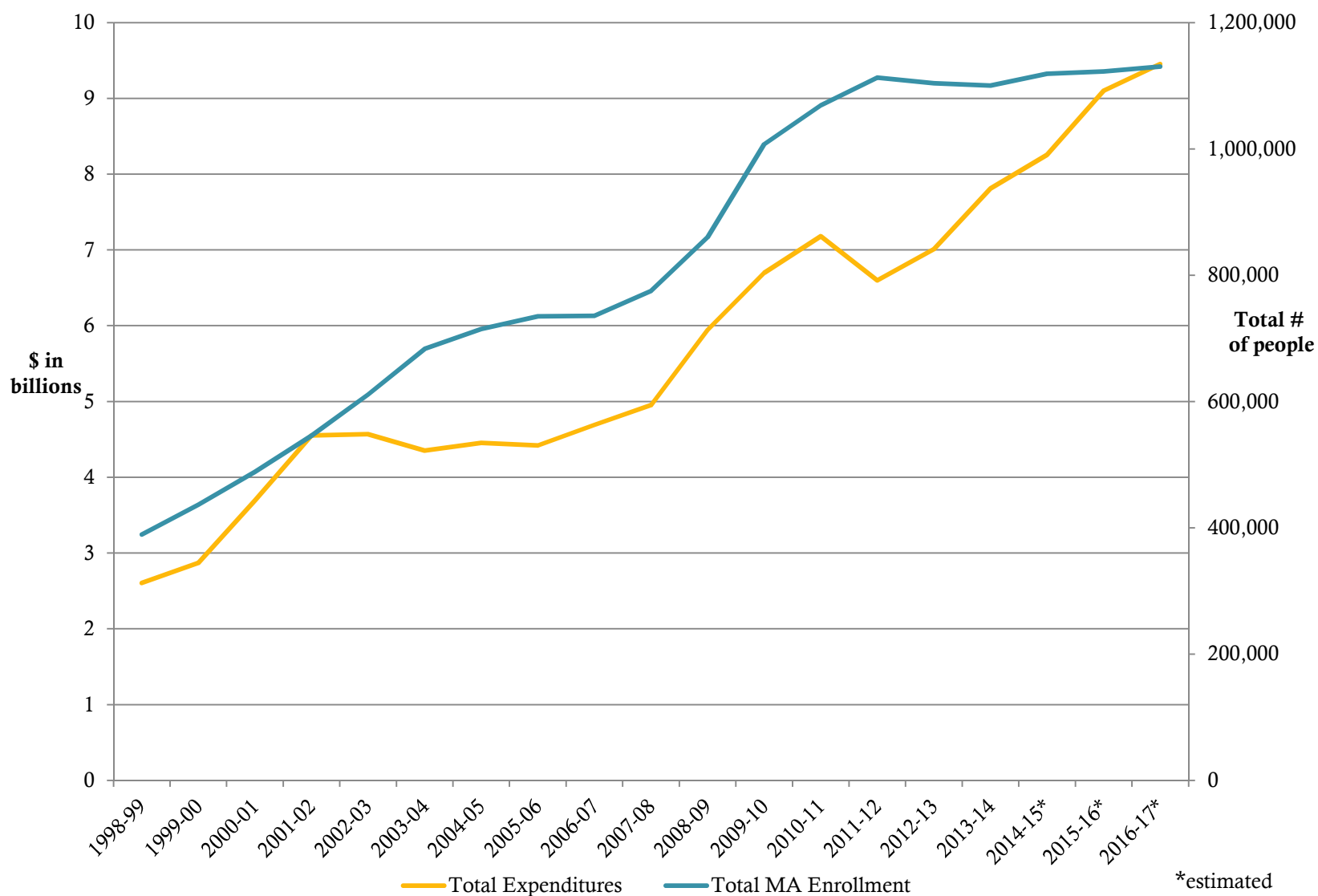
IRIS Eliminated. FamilyCare Likely Run by For-Profit Insurance Co.

SAVE
IRIS



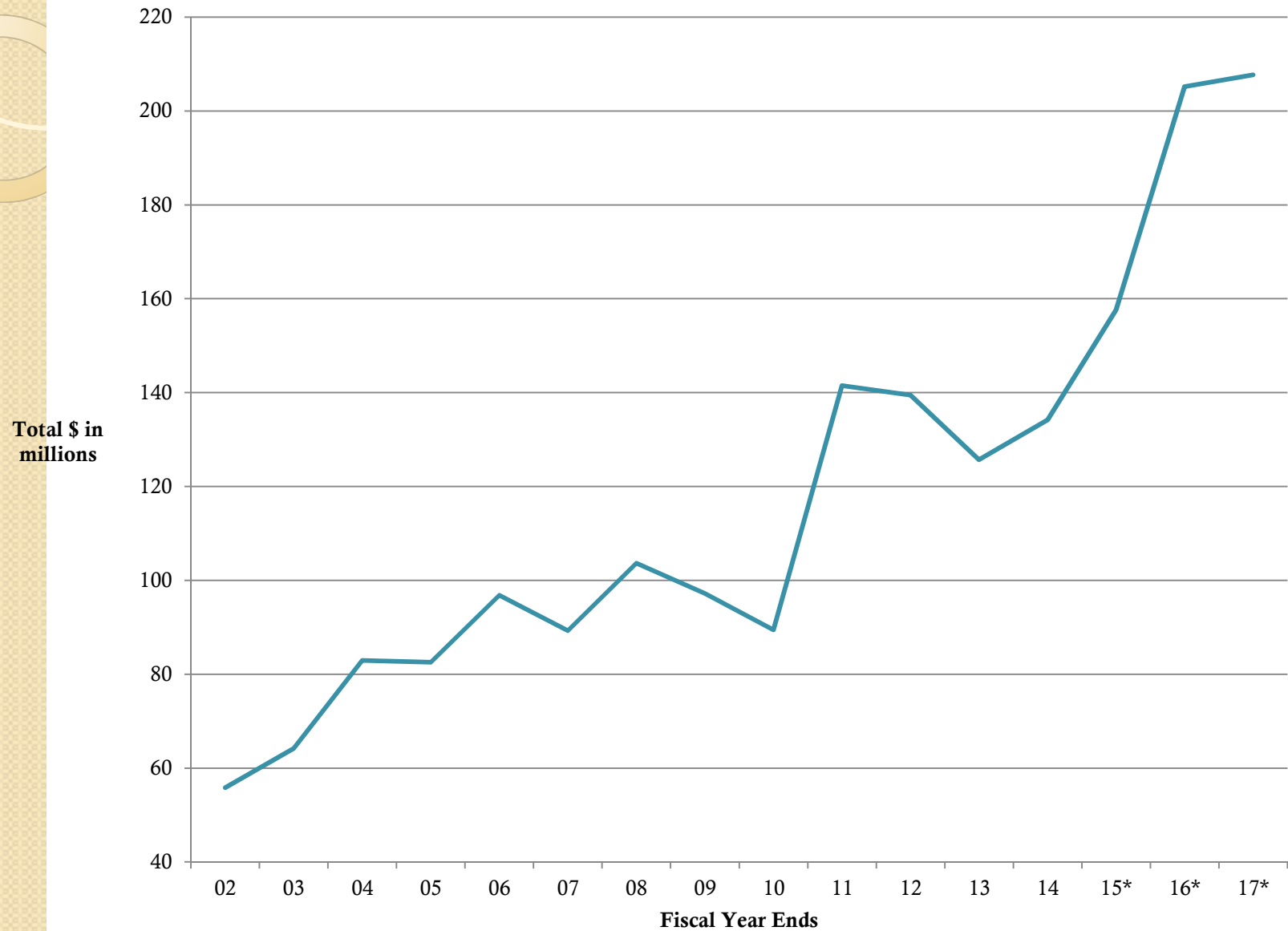
???

Medicaid Budget: Coverage Levels Off but Spending Continues to Increase



Sources: Summary of Governor's Budget Recommendations, Legislative Fiscal Bureau, March 2013; March 2015.

Rising Cost of Medicaid Administrative Contracts



Sources: Legislative Fiscal Bureau Memo, April 2013; April 2015.

*estimated

Preserving our Natural Resources is About Our Community



- Recycling grants to Counties cut by \$4M.
- Loss of citizen controlled Natural Resources Board.
- Loss of 66 positions including educators & scientists.
- Loss of Environmental Education Board, grants & education center.
- Budget shuts down Stewardship purchases.

Natural Resources Budget Affects Health of People & Environment

- Scientists help communities, small businesses keep water & air safe and clean.
- Conservation Congress relies on policy making citizen board for changes decided by anglers, hunters & outdoor enthusiasts.
- Budget eliminates \$2M in grants to nonprofit conservation groups.
- Budget reduces water pollution abatement & nonpoint source grants by \$3.5 million.



Are State Parks at Risk?



- \$12.8M General Fund cut to parks.
- Budget requires GPS mapping to accurately ID park boundaries.
- Sale of state assets in no-bid contracts (FY 2013-15 budget).
- Last budget also required DNR to sell 10,000 acres of state land by July 2017.

Transportation choices are community choices





Big Transportation Spending Focuses on Southeast Wisconsin

- Zoo Interchange: \$623M in this budget; 1.7B total project.
- Milwaukee Hoan Bridge: \$10M.
- Stillwater Bridge: \$20M.
- Freight rail line purchases & improvements: \$43 million.
- Same funding as the last budget for town and county roads
~\$2,202 per mile; (increased in 2015).
- Total Debt Service from General Fund for
Transportation= \$229.95 million

Budget Widens Gap Between Transportation Revenue and Spending.

Budget Borrows \$1.3 Billion & Raids Other Funds to Close Spending Gap.



- For almost a decade, gas tax revenue has been flat or dropping.
- In 10 yrs. overall efficiency of cars & light trucks is expected to increase by 23%.
- Wisconsin registered 10 times the number of hybrids and electric cars in 2014 as in 2005.
- First time registration fee in WI is \$75 and \$411 in MN.
- In 1995, 6.5% of Transp. dollars went to paying off debt. By end of budget estimated 25% of \$\$ will be used to make debt payments.



Secretary of DOT Proposed Changes to Fix Transportation Budget. Governor Denied Requests:

Federal Uncertainty:

- **National highway Fund continues on a path to insolvency.**
 - **Some funding set to expire the end of May 2015.**
 - **Currently 40% of total highway funds are federal monies.**
- **Increase fuel tax by about \$28 a year on a midsize sedan.**
 - **Increase diesel fuel tax by about \$.10 a gallon.**
 - **Create a Highway Use Fee based on price of new vehicle.**
 - **Add a hybrid and electric car annual registration fee.**
 - **Begin a \$10 per car load user fee for rail roads using statewide rail lines.**
 - **Wisconsin now owns 534 miles of freight rail lines, is acquiring 69 more miles and has significant ownership in another 114 miles. (717 miles at end of 2015-17 budget.)**

Choices About Agriculture Affect Our Communities



Budget Cuts Affect Ag Research & Ag Safety



- Citizen DATCP Board loses policy making power.
- Citizen Natural Resources Board with farmer member loses policy making power.
- Discovery Farms funding cuts.
- Ag research lost with elimination of Fertilizer Research Council.
- Cuts to Extension include elimination of Ag Safety & Health Center.

Cuts to Courts Means High Judge Turnover; Corrections has Aging Facilities & Aging Inmates



WI has 1,000
inmates 60
years or older

- Wisconsin lost almost a third of its judges over 2008-2013. Budget establishes a judicial compensation commission.
- DOC eliminates third shift tower guards saving \$6M & 60 staff.
- Budget creates court block grants. Shortfall in payments made up by counties.
- WI was just selected by National Institute of Corrections for grant to expand effective justice strategies.

Local Government Struggles to Do More With Less

- Counties have fewer dollars to protect health & safety but the same responsibilities.
- Local Property Insurance Fund, which saves \$\$ for 924 local governments, is eliminated in this budget.
- Requires counties or cities to take over property assessment (no funding).
- Levy limits unchanged; shared revenue the same.

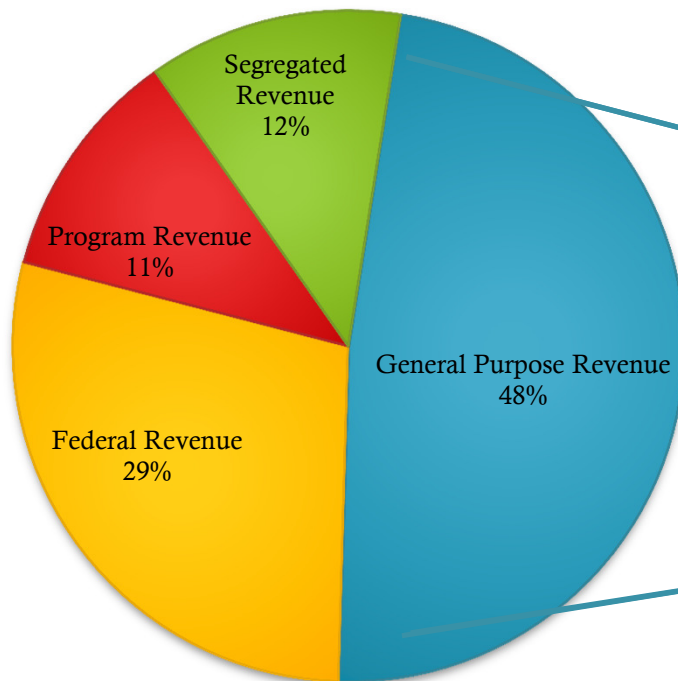


Details of Spending, Revenue & Debt in 2015-17 budget

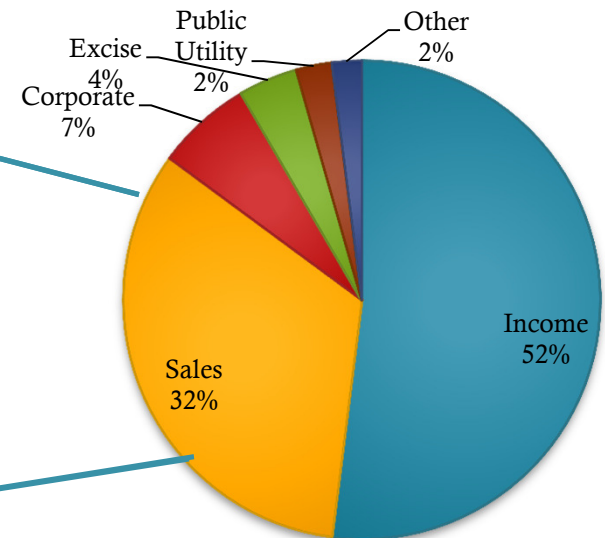


Where Does Money Come From?

All Funds



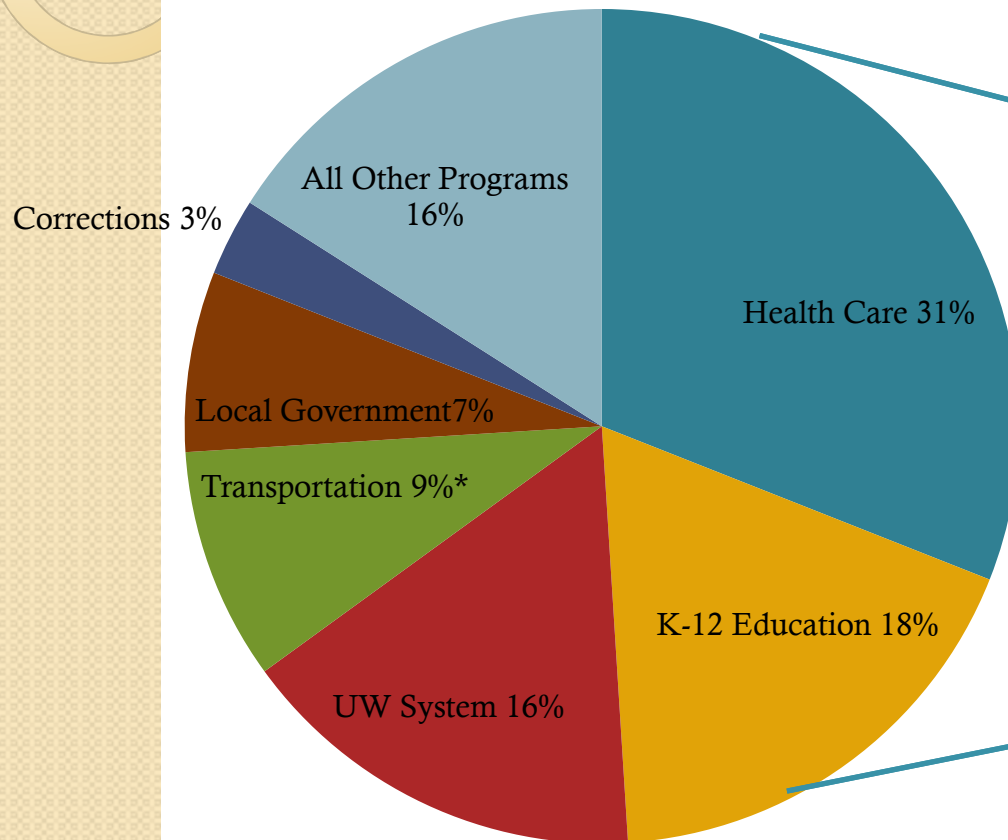
General Fund



Sources: State of WI Budget in Brief, February 2013; Preliminary 2012-13 General Fund Tax Collections, Legislative Fiscal Bureau, August 2013. Summary of Governor's Budget Recommendations, February 2015.

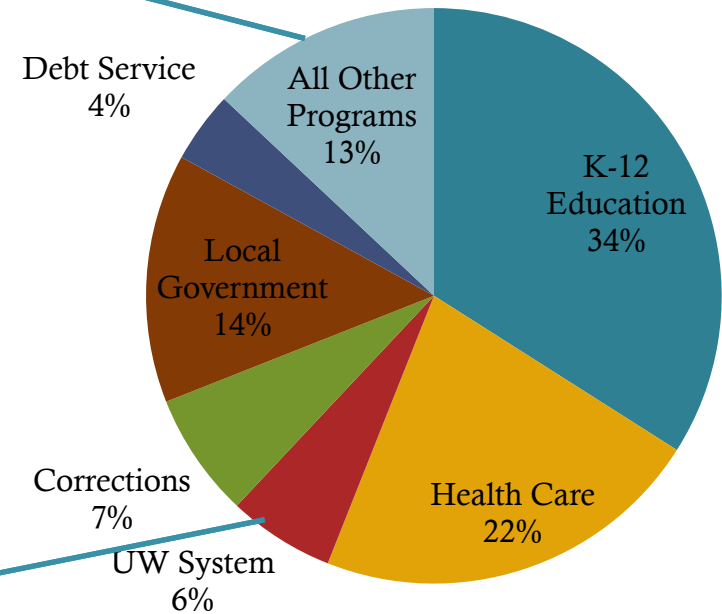
Where Does Money Go?

All Funds



*excludes bonding

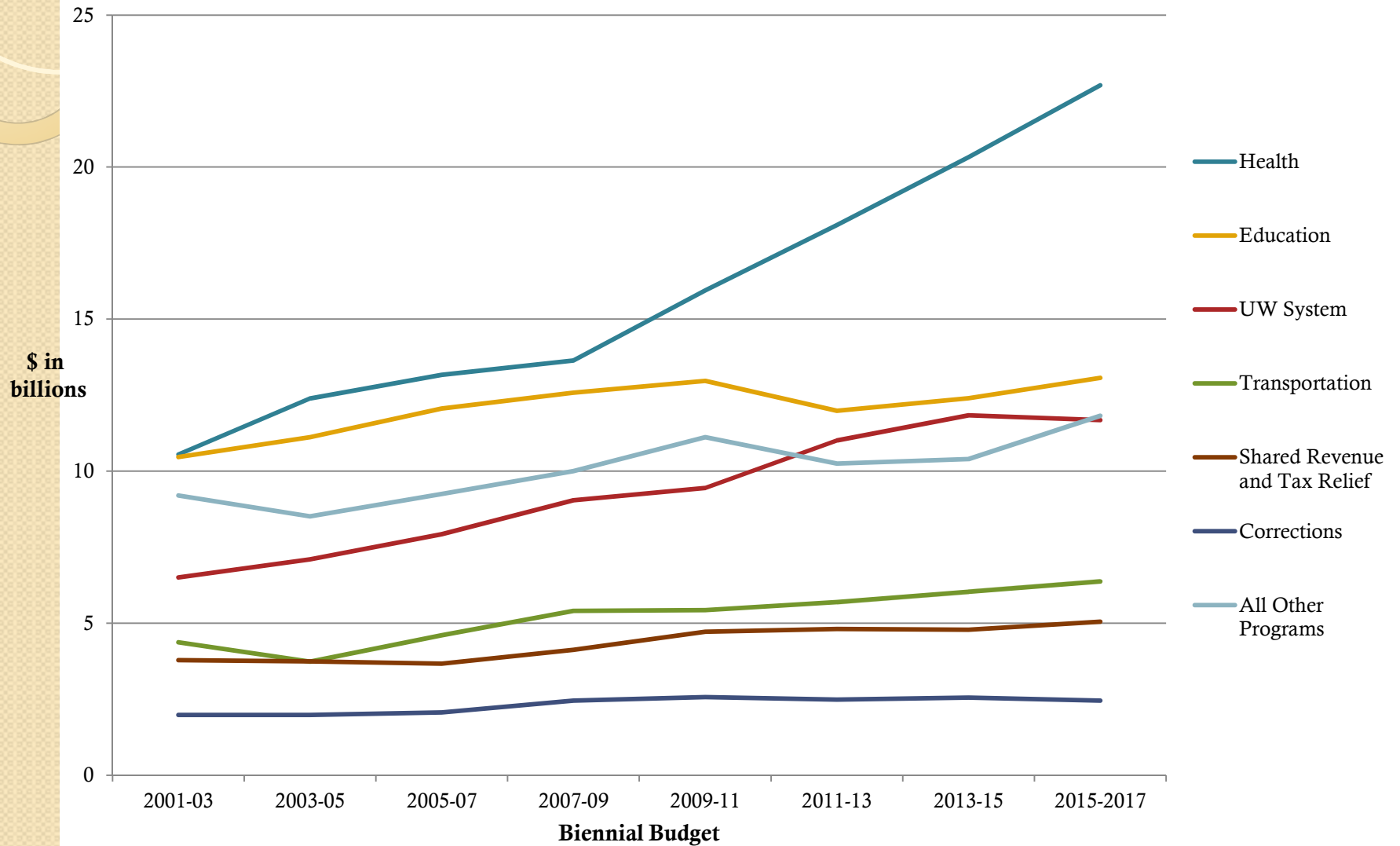
General Funds**



**Excludes property tax relief

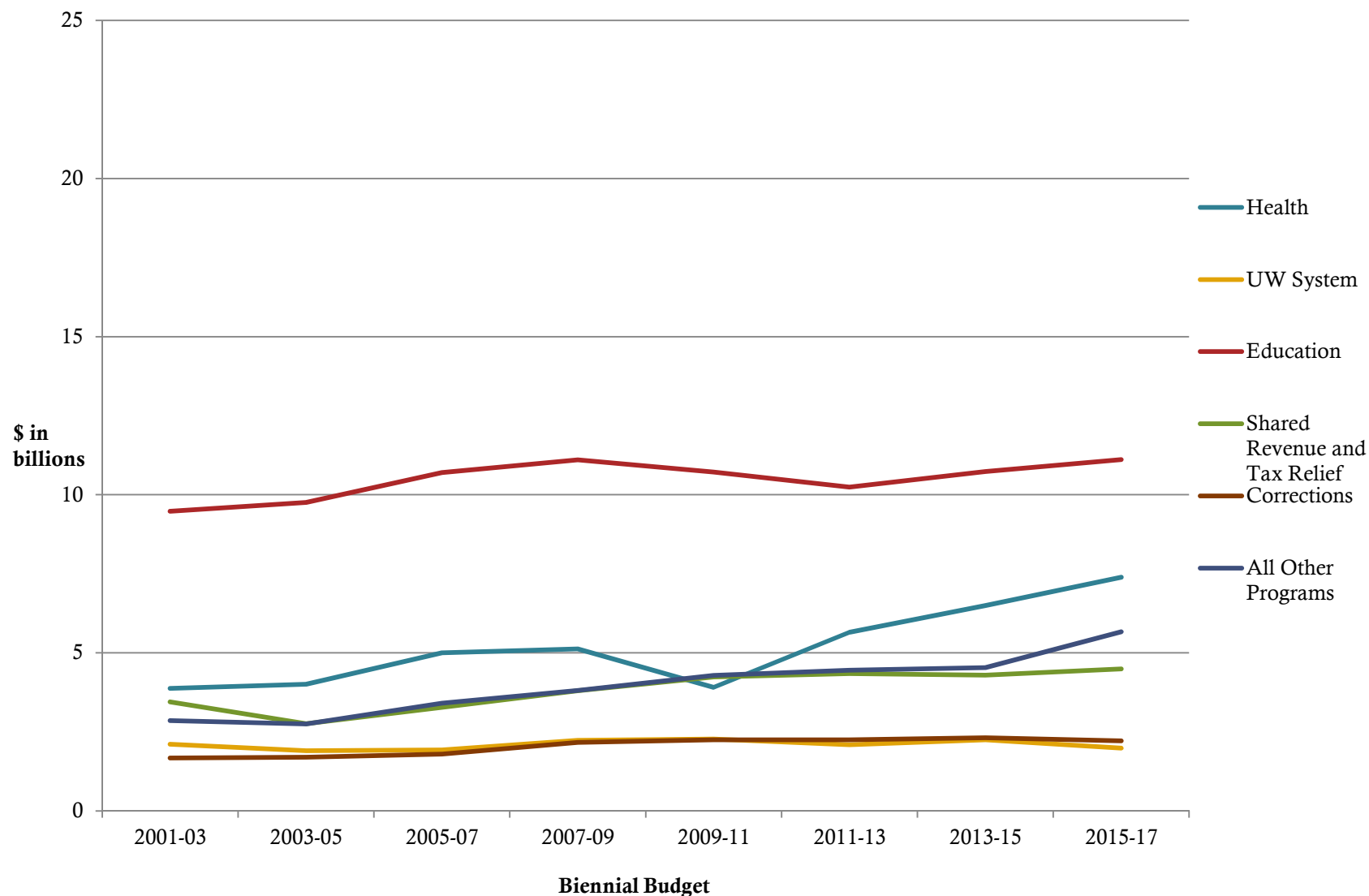
Source: Summary of Governor's Budget Recommendations, February 2015.

Total Budgeted Spending: Health Grows Rapidly as Education Spending Slows



Sources: All Fund Appropriations by Agency, Legislative Fiscal Bureau, 2001-15; Summary of Governor's Budget Recommendations, February 2015.

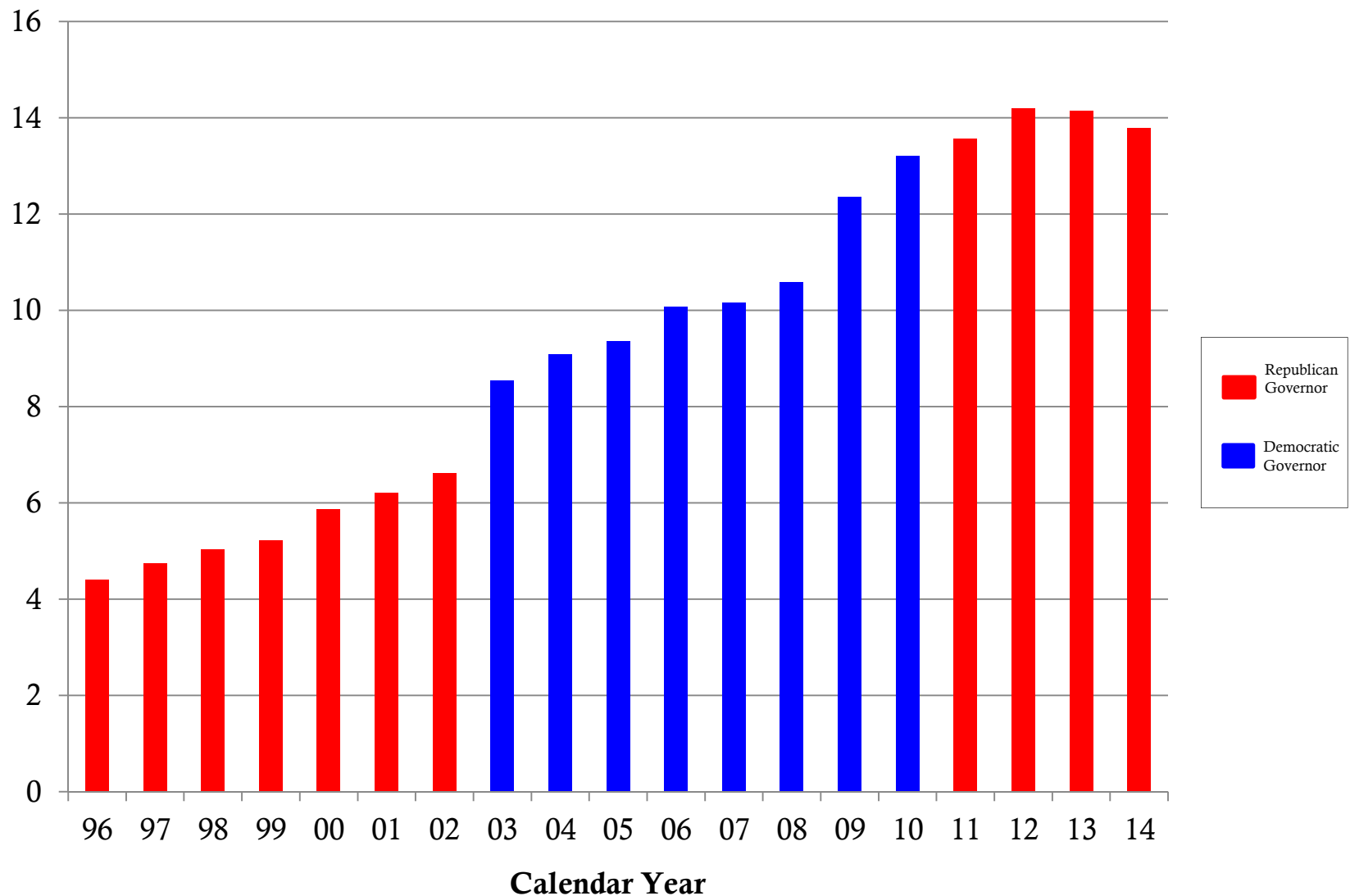
General Fund Spending



Source: Summary of General Fund Appropriations by Agency, Legislative Fiscal Bureau, August 2013; Summary of Governor's Budget Recommendations, February 2015.

Spending Increases, but So Does Debt

\$ in
billions



Legislative Fiscal Bureau Memo, January 2015.

New Borrowing Increases \$1.5B

• Big SE WI Road Projects	\$1,011m
• Hwy rehabilitation	\$242.4m
• Bucks Stadium	\$220m*
• Freight train rail buying & improvement	\$43m
• Major interstate bridge construction	\$30m
• High-cost state hwy bridges	\$16.8m
• Natural Resources (dams, nonpoint source pollution, & toxic clean-up)	\$21m
• Safe water loan program	\$7.5m
• Soil and water conservation	\$7m

Total: 1,555,713,600



Senator Vinehout's Alternative Budget 2015-2017



Choices & Priorities

Public School Items Supt. Evers Requested Governor Walker Did Not Fund

- Fair Funding for Schools
- Special Education categorical aid
- Science, Tech, Math & Engineering Center & Grants
- Bilingual-Bicultural Education
- Digital Learning Grants
- School Breakfast Aid
- Gifted & Talented Grants
- Transportation \$ (Spec. programs)*
- Tribal Language Revitalization Grants
- School Safety & Violence Prevention





Changes in Health Save Money & Save Lives



- Provide BadgerCare for those who make 133% of federal poverty level (\$15,000 yr. or \$20,600 a couple) this saves \$345 million & covers + 81,000 people
- Expand Family Care statewide (saves \$6M)
- Stop move of FC & IRIS to private insurance
- Restore SeniorCare (anticipate a 1% enrollment inc.)
- Invest \$27 million in court programs to reduce drug & alcohol abuse & treat mental illness
- Provide nursing homes a 2.5% rate increase to improve wages and nursing care.

Restore Voice of Farmer in Ag Policy & \$\$ for Research



Dairy remains a top driver in Wisconsin's competitiveness, output growth & gross product industry output.

**Restore Citizen
DATCP Board**

**Restore Discovery
Farm Research
Funding**

**Restore Agricultural
Safety & Health
Center and Grants
(through UW
Extension)**

**Restore Fertilizer
Research Council**

Invest in Growing High Skilled Wisconsin Jobs



Compared to 8 competing states & the US as a whole, Wisconsin's manufacturers are lagging in 3 key success areas: skilled workforce, technology & innovation advancement and globalization strategy.

Invest in Worker Training

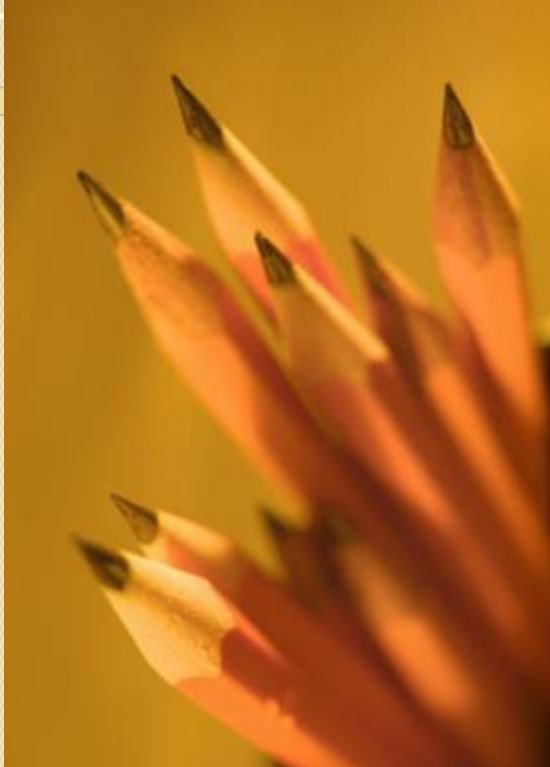
Restore UW Funding

Restore Fertilizer Research Council

Fund new Science Technology, Engineering & Math Center & Grants

Invest in Gifted & Talented Education

Fix Fiscal Problems



- Create 2% Reserve Fund of \$620 Million.
- Doubled balance going forward to FY17-19 budget.
- Cut Generally Accepted Accounting Principles (GAAP) gap in Half.
- Remove Transportation Fund raid on General Fund.

What's In?

- Expand BadgerCare
- Change School Funding
- Restore Ag, WPR, UW & SeniorCare cuts
- Keep IRIS
- Increase funding for nursing homes.
- Set aside over \$600 m in reserves

What's Out?

- No new expanded private school subsidies
- No new Independent Charter Board or +500 Students
- No Private School tuition tax break
- No privatization of FamilyCare
- Changes in income tax rates to prior to FY 2013-15 budget.
- No state funding for Bucks stadium

**Ended the budget years with
\$1 Billion surplus!**

A State is a Community of Communities...



What Kind of Community do We Want to Create?

Let Your Voice Be Heard!



SOUND OFF!

IF YOU DON'T

VOTE

YOU LOSE

THE RIGHT TO

COMPLAIN

THANK YOU
TO SENATOR VINEHOUT'S TEAM!

- Paige Humphrey, Legislative Aide & Slide Editor
- Linda Kleinschmidt, Chief of Staff
- Ben Larson, Legis Aide, Constituent Service
- Beau Stafford, Legis Aide, Policy Development

To Reach Sen. Vinehout:

Senator Vinehout
877-763-6636 (toll free)
Sen.Vinehout@legis.wisconsin.gov
State Capitol
Room 108 South
P.O. Box 7882
Madison, WI 53707-7882

To Reach Rep. Danou:

Representative Danou
888-534-0092 (toll free)
Rep.Danou@legis.wisconsin.gov
State Capitol
Room 107 North
P.O. Box 8952
Madison, WI 53708

Your Opinion Counts!



Budget 101: Odd Terminology

- **General Purpose Revenue (GPR)**: Money collected from state taxpayers to be used for any purpose. Ex: school aids
- **Program Revenue (PR)**: Money credited to a specific account to finance a particular program. Ex: tuition, inspection fees
- **Segregated Revenue (SEG)**: Money by law must held distinct- or segregated- and may only be used for this purpose. Ex: motor fuel tax for transportation
- **Federal Revenue (FED)**: Money received by the state from a federal agency for a specific program. Ex: Medicaid matching money
- **Bond Revenue (BR)**: Money received by state from the issuance of bonds (debt) and deposited for specific purposes. Ex: state buildings, transportation

Unlike some states, Wisconsin's budget includes money from several sources

